

West End Office Market Watch

March 2015

Total take-up is currently
18% up on this point last year

Supply and demand snapshot

n The strong leasing activity seen in the West End last year has continued through into 2015. February take-up reached 339,392 sq ft, bringing the year to date total to 615,511 sq ft, 18% up on this point last year.

n The majority of transactions have occurred in the <10,000 sq ft size band, accounting for 83% of transactions in February. Over half of these transactions took place in the North of Oxford Street and Mayfair sub-markets.

n The largest transaction to complete in February was the letting of 28,000 sq ft at Michelin House, SW3 to London Executive Offices. Rising demand from serviced office providers is a trend emerging across Central London as a whole.

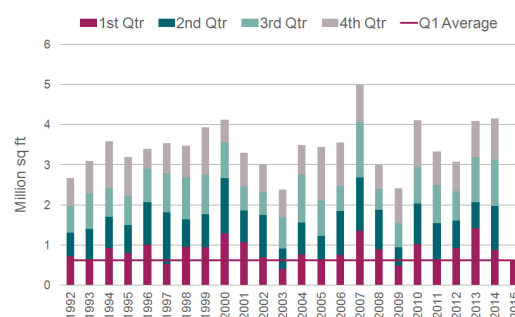
n The highest reported rent to date this year, is £110 per sq ft, achieved at Devonshire House, Mayfair Place, W1 in January. Nevastar Finance Ltd took 3,400 sq ft on the third floor on a 10 year lease.

n Currently, total supply is 4.2m sq ft, of which 74% is of a Grade A standard. This equates to a vacancy rate of 3.5%. We expect there to be a slight rise in the available supply, with an anticipated 2.4m sq ft of new developments and refurbishments scheduled to complete in 2015.

n Current demand at 2.4m sq ft, is the highest since October 2014. Although down by 7% on the 12 month average, this is expected to pick up as the year progresses.

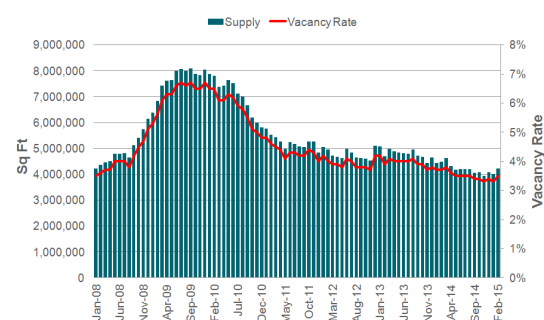
n The TMT sector continues to be the dominant business sector, accounting for 33% of take up to date. This is followed by the Insurance and Financial Services sector and the Business and Consumer Services sector, which have both accounted for 14% of the take-up.

GRAPH 1
Take-up



Source: Savills Research

GRAPH 2
Supply and Vacancy Rate



Source: Savills Research

TABLE 1
Key February stats

	Stats	Monthly change
Take-up	339,392 sq ft	↑
Supply	4.2m sq ft	↑
Vacancy Rate	3.5%	↑
Top rent (psf)	£95.00	↓
Demand	2.4m sq ft	↑

Source: Savills Research

Analysis close up

TABLE 2

Take-up

	Month	Year to date		
	Sq ft	Sq ft	% change on previous year	% change on average
Mar-14	363,789	883,255	-38%	6%
Apr-14	386,685	1,269,940	-21%	24%
May-14	381,345	1,651,285	-7%	27%
Jun-14	326,527	1,977,812	-5%	18%
Jul-14	318,879	2,296,691	0%	22%
Aug-14	445,119	2,741,810	2%	30%
Sep-14	383,167	3,124,977	-2%	25%
Oct-14	224,565	3,349,542	-1%	21%
Nov-14	244,188	3,593,730	-4%	20%
Dec-14	557,705	4,151,435	2%	22%
Jan-15	276,119	276,119	9%	-3%
Feb-15	339,392	615,511	18%	15%

TABLE 3

Supply

Total	% Grade A	% chg on prev mnth	Vacancy rate (%)
4,622,003	73%	3.3%	3.8%
4,323,746	76%	-6.5%	3.6%
4,175,057	74%	-3.4%	3.5%
4,193,382	74%	0.4%	3.5%
4,186,477	71%	-0.2%	3.5%
4,189,683	71%	0.1%	3.5%
4,053,774	68%	-3.2%	3.4%
4,075,206	68%	0.5%	3.4%
4,023,249	69%	-1.3%	3.3%
4,057,113	74%	0.8%	3.4%
4,006,172	74%	-1.3%	3.3%
4,228,468	71%	5.5%	3.5%

TABLE 4

Rents

£ per sq ft	Top achieved	Average			
		Grade A	Grade B	Prime*	Rent free**
Mar-14	£115.00	£68.79	£33.88	£99.13	8
Apr-14	£100.00	£64.52	£37.86	-	-
May-14	£115.00	£58.30	£43.64	-	-
Jun-14	£110.00	£84.31	£34.83	£103.33	9
Jul-14	£90.00	£54.59	£30.00	-	-
Aug-14	£107.50	£74.81	£37.50	-	-
Sep-14	£107.50	£73.27	£35.99	£98.25	9
Oct-14	£92.00	£66.88	£45.10	-	-
Nov-14	£120.00	£64.74	£33.10	-	-
Dec-14	£115.00	£82.84	£47.40	£104.59	8
Jan-15	£110.00	£63.75	£53.68	-	-
Feb-15	£95.00	£66.22	£53.28	-	-

TABLE 5

Demand & Under Offers

WE Potential demand (sq ft)	716,000
WE Active demand (sq ft)	1,772,000
WE Total demand (sq ft)	2,488,000
% change on 12 month ave	-39%
Total under offer (sq ft)	642,722
Under offer this month (sq ft)	276,578
% change on ave	-7%
Landlord controlled supply	54%
Tenant controlled supply	17%

TABLE 6

Development pipeline

Sq ft	Refurb	Devs	Total	% Pre-let
2015	419,800	2,054,985	2,474,785	28%
2016	485,000	2,979,691	3,464,691	8%
2017	50,000	1,987,000	2,037,000	0%
2018	-	428,200	428,200	0%
Total	1,433,100	8,316,072	9,749,172	21%

Completions due in the next 6 months are included in the supply figures

*Average prime rents for preceding 3 months ** Average rent free on leases of 5 years for preceding 3 months

TABLE 7

Significant February transactions

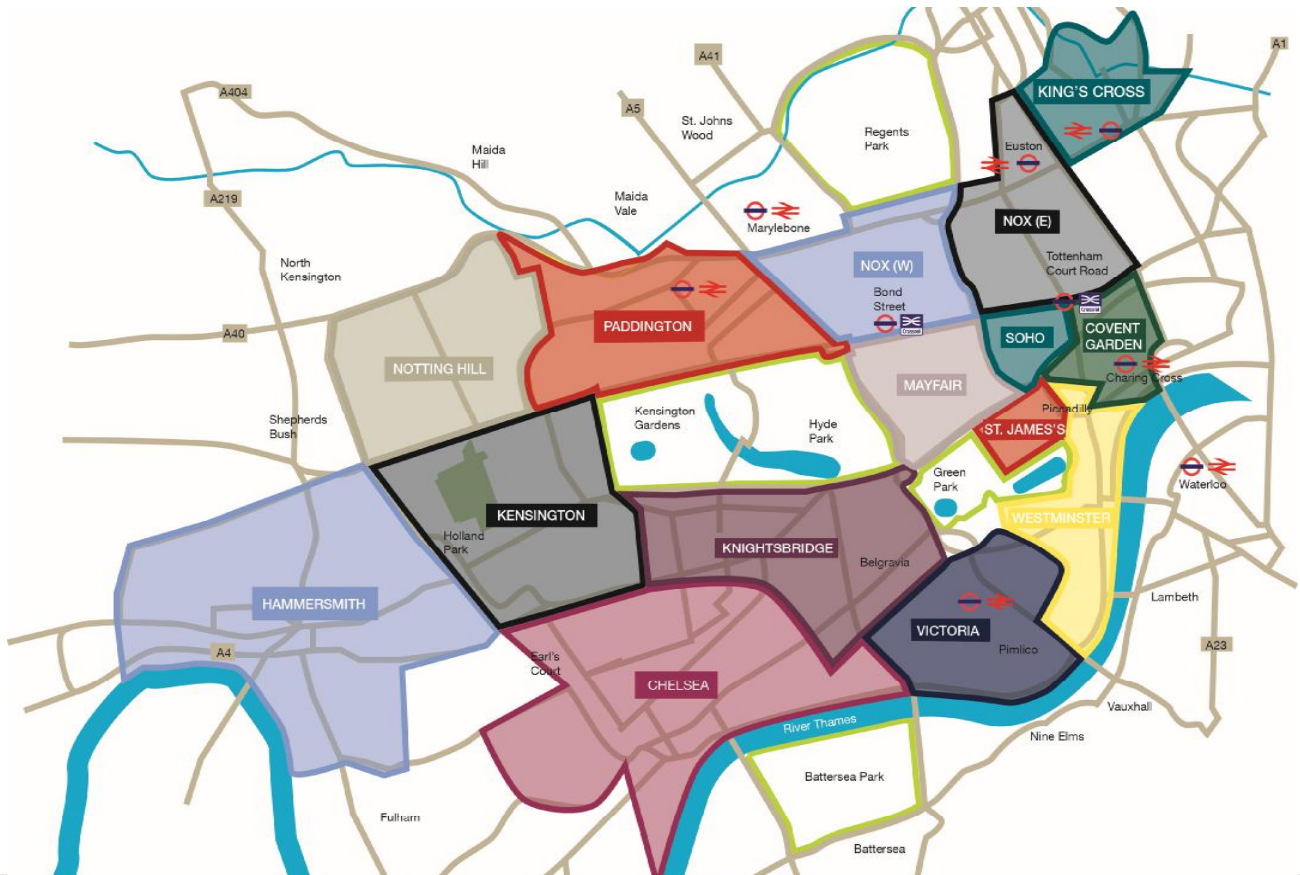
Address	Floor/s	Sq ft	Grade	Achieved rent	Tenant	Lessor
Michelin House, Fulham Road, SW3	1,2	28,313	B	Confidential	London Executive Offices	Private
150-154 Oxford Street, W1	pt 2	15,445	B	£46.50	AppNexus Europe Ltd	Moonfruit Ltd
200 Hammersmith Road, W6	1	15,250	B	£50.00	Western Union GB Limited	Ropemaker Properties
1 Kingsway, WC2	3	13,750	A	£65.00	London School of Econom-	UK & European Investments
Lincoln House, Hammersmith Road, W14	1, pt 2	12,716	A	Confidential	Confidential	Confidential
Melbourne House, Aldwych, WC2	6, 7, 8	11,497	A	£57.50	the7stars	Greenwich Group International LLC
33 Jermyn Street, SW1	3	10,827	A	£94.50	Harbourvest Partners (U.K.)	Apax Partners Limited
Marble Arch House, Seymour Street, W1	4	10,226	A	£70.00	BXR Partners	British Land
Accurist House, 44 Baker Street, W1	3	10,000	A	£51.00	Emerson Electric	Lazari
123 Victoria Street, SW1	pt 3	9,324	A	£55.00	CDC Group	CPA Global Legal Support Services

TABLE 8

Significant supply

Address	Floor/s	Sq ft	Grade	Quoting rent	Lessor	U/O
Park House, Park Street, W1	3-5, 7, 8	143,010	A	£97.50	REM	Y part
Telstar House, 2 Eastbourne Terrace, W2	1-6	106,812	A	£47.19	Rio Tinto	
10 Bloomsbury Way, WC1	1-pt7	98,527	A	£60's	London & Regional	
The Adelphi, John Adam Street, WC2	3-6	93,875	A	NQ	Blackstone	
62 Buckingham Gate, SW1	1,2,3,pt4	83,805	A	£70's	Land Securities	
2 Fitzroy Place, W1	Bldg	81,225	A	NQ	Exemplar/Aviva	
1 Queen Caroline Street, W6	Bldg	80,000	A	NQ	Coca Cola	
8 St James's Square, SW1	Bldg	65,500	A	NQ	Green Property	Y part
91 Wimpole Street, W1	Bldg	57,000	A	NQ	Lazari	
Ampersand, 180 Wardour Street, W1	1, 2, 3, 4	64,000	A	NQ	Resolution / Peterson Group	
Air W1, 20 Air Street, W1	4, 5	50,980	A	£79.50	Telefonica	
77-85 Shaftesbury Avenue, WC2	Bldg	47,000	A	NQ	Dolford	
80 Strand, WC2	5	40,090	A	£60's	Pearson	Y part
16 Babmaes Street, SW1	G-5	37,979	A	NQ	Ponte Gadea	
Cambridge House, Cambridge Grove, W6	G-5	36,815	B	£25.00	Westbrook Partners	Y part

MAP 1
Savills West End office submarkets



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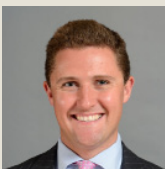
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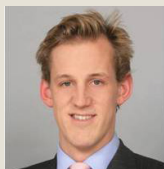
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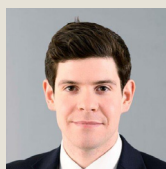
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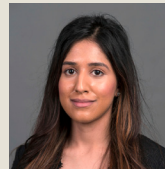
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